

Full Year Trading Update

18 Feb 2020

Dr. Dominik von Achten – Group CEO

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2019 Overview

Results by Group areas

Outlook 2020

Appendix



Solid cash generation and debt reduction despite challenging operating environment

LfL +2% growth in revenues - lower demand in volumes compensated by successful price increases

LfL Operating EBITDA increases by +2.5% to 3.6 billion EUR

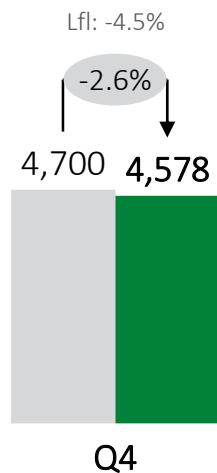
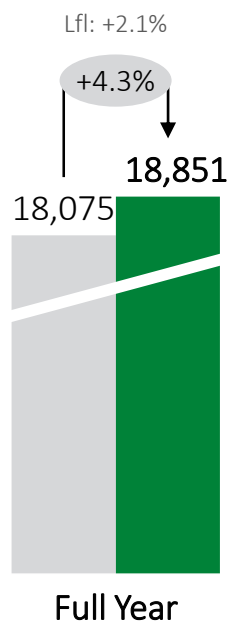
Portfolio optimization on track; disposals reach 1.2 billion EUR after 2 years

Record high free cash flow generation, brings net debt (pre IFRS 16) down to 7.1 billion EUR

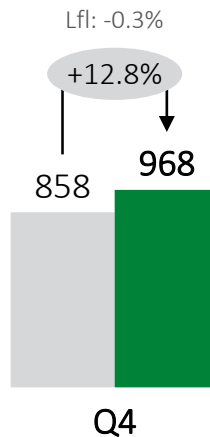
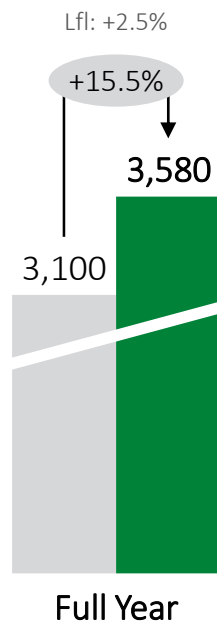
Lfl: Excluding scope, currency and IFRS 16 leasing impacts. Previous year figures are restated due to classification changes of "Result from associates" and credit card fees.

Operating EBITDA margin continues to improve

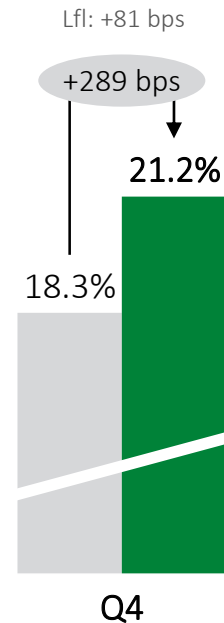
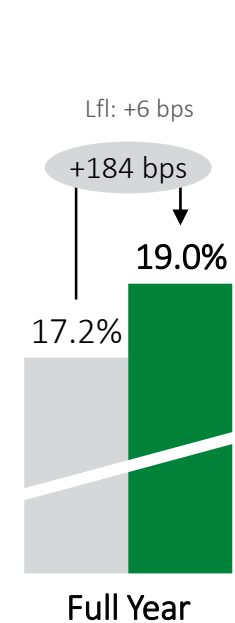
Revenue (m€)



Operating EBITDA (m€)



Operating EBITDA Margin (%)

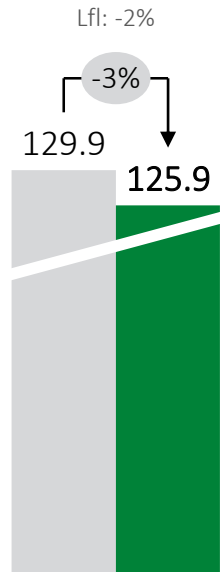


■ 2018 ■ 2019

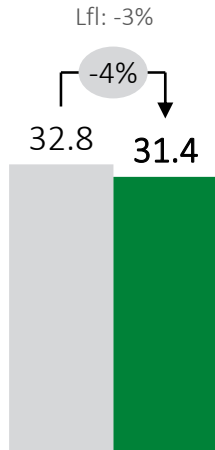
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Sales volumes slightly decrease as a result of “price over volume” strategy

Cement sales volumes (mt)



Full Year

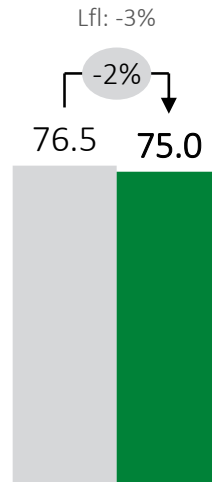


Q4

Aggregates sales volumes (mt)

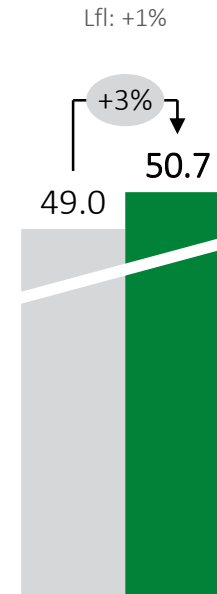


Full Year

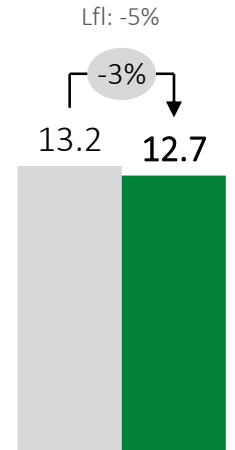


Q4

Ready-Mix sales volumes (mm³)



Full Year

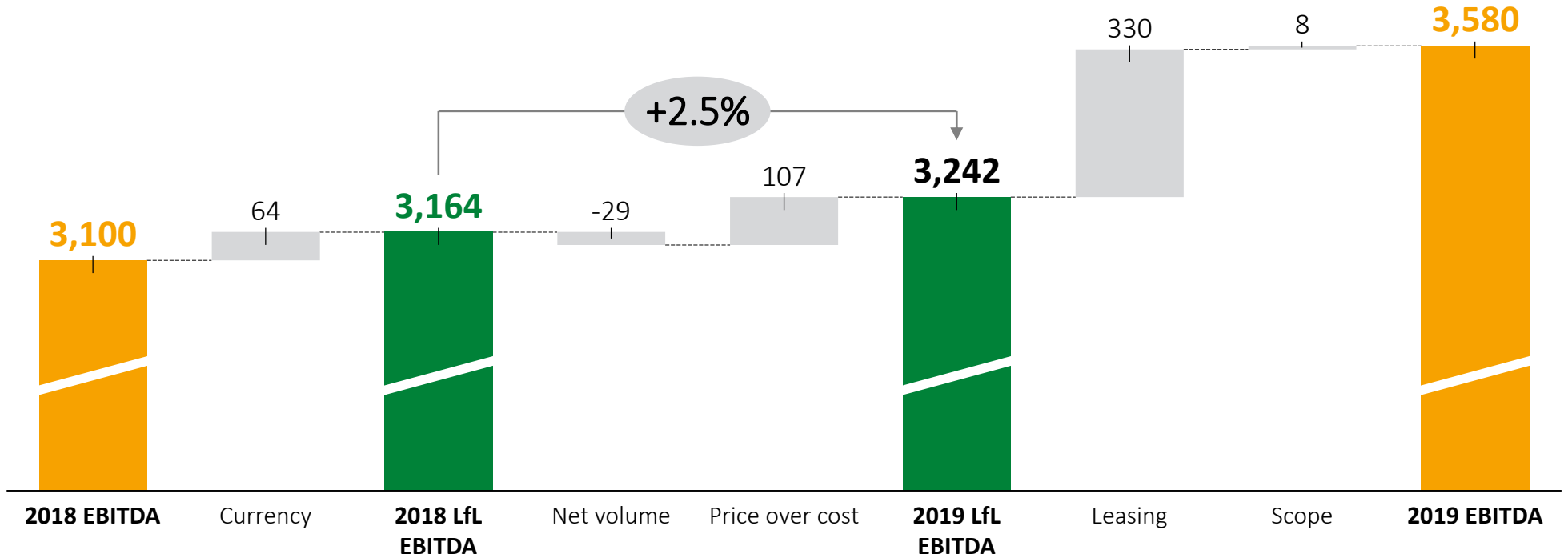


Q4

2018 2019

Operating EBITDA continues to grow

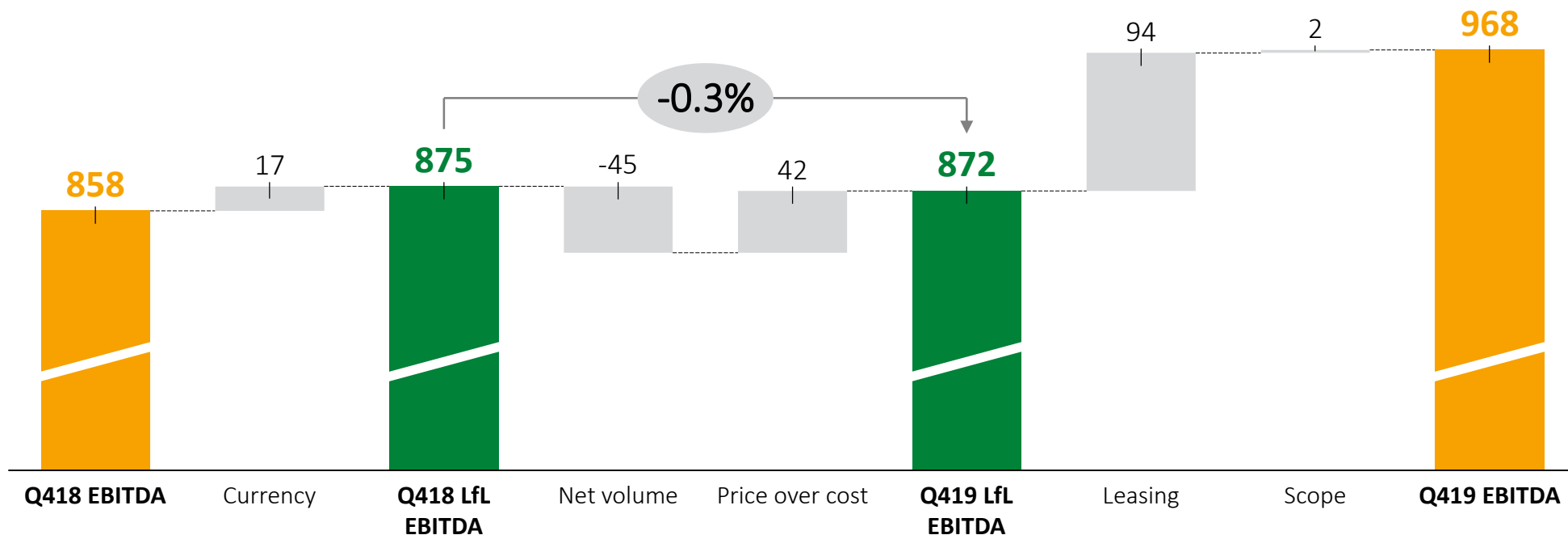
Full Year Operating EBITDA Bridge (m€)



Lfl: Excluding scope, currency and IFRS 16 leasing impacts. Previous year figures are restated due to classification changes of "Result from associates" and credit card fees.

Difficult comparison base limits the growth in 4th quarter

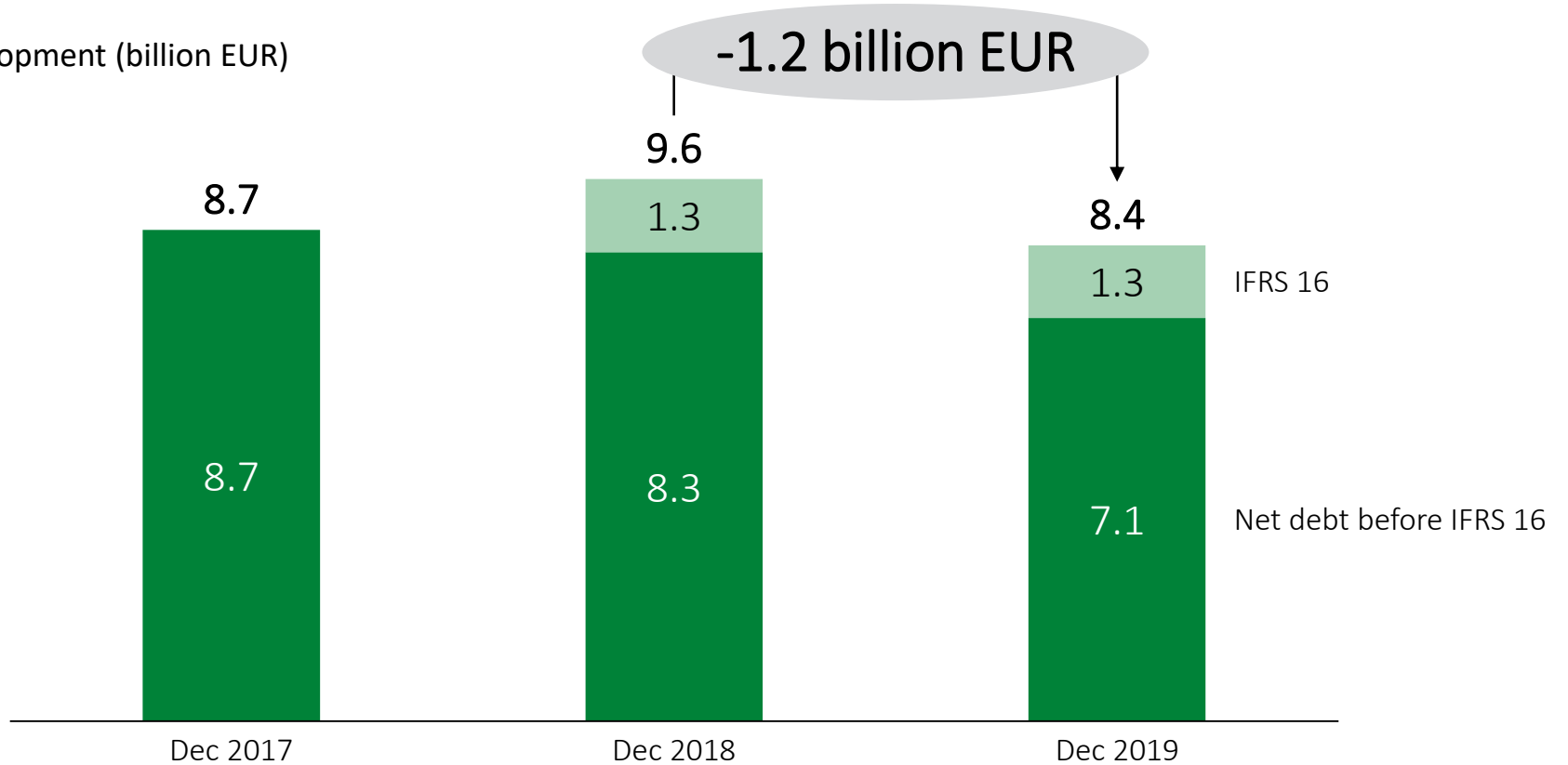
Q4 Operating EBITDA Bridge (m€)



Lfl: Excluding scope, currency and IFRS 16 leasing impacts. Previous year figures are restated due to classification changes of "Result from associates" and credit card fees.

Significant reduction in net debt brings leverage down to 2.3X

Net debt development (billion EUR)

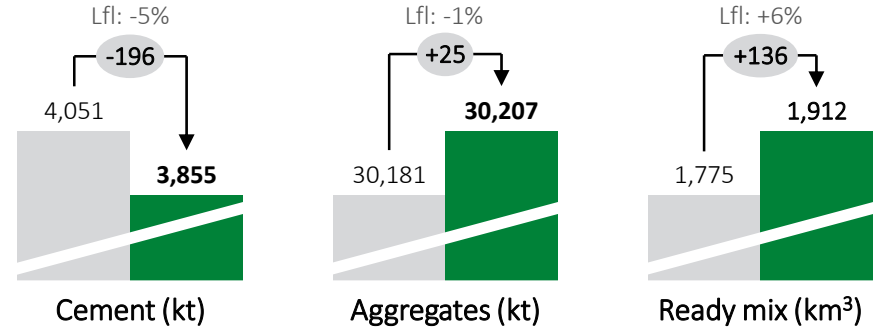


North America

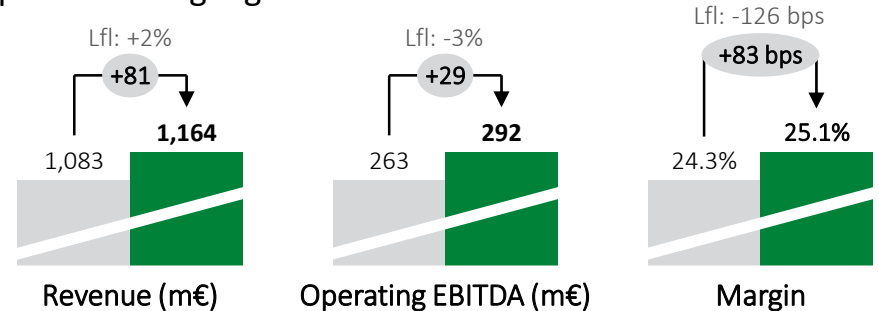
Q418 Q419



Sales volumes



Operational highlights



Q4 Market overview

- Successful price increases in all business lines lead to revenue increase despite weaker than expected volumes.
- Solid earnings growth in US overshadowed by the continuing pressure in Canada business.
- Slightly higher operating costs in aggregates as plants are running almost at full capacity.

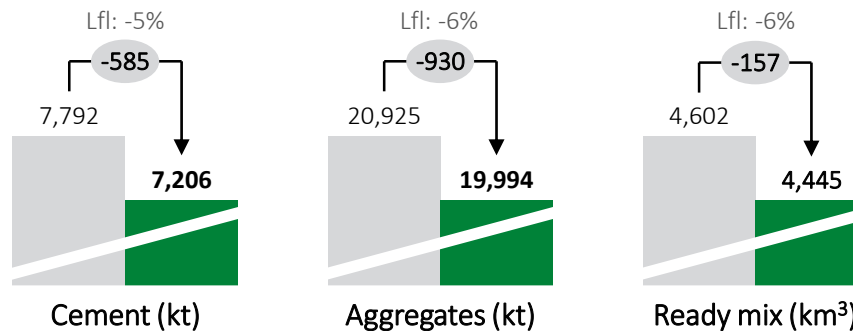
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Western & Southern Europe

Q418 Q419



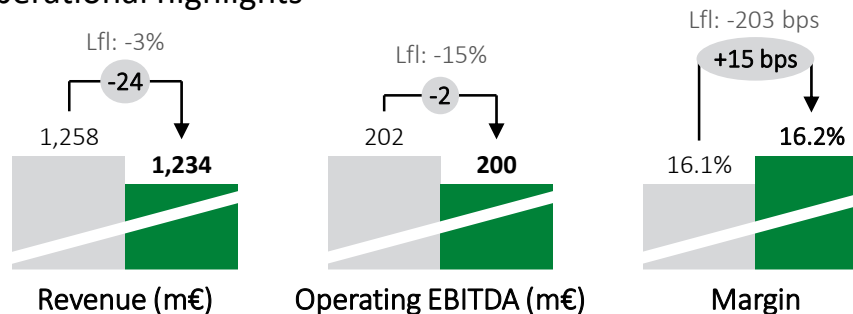
Sales volumes



Q4 Market overview

- Difficult market environment due to very strong comparison base and local temporary market problems in Q4 2019.
- Continuous improvement in cost base driven by saving initiatives.
- All countries were able to maintain momentum of 2019 price increases, despite the lower volumes.

Operational highlights



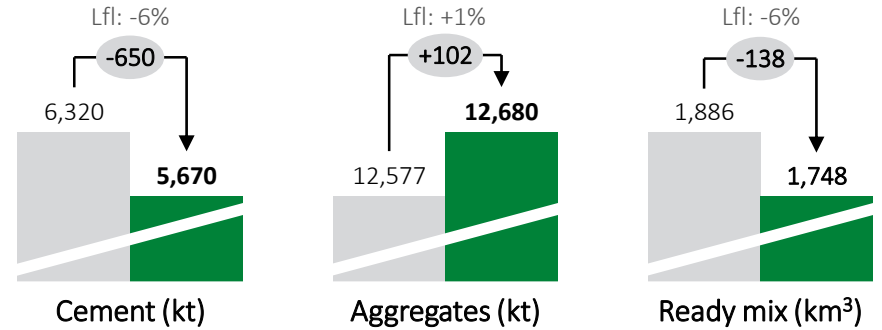
Lfi: Excluding scope, currency and IFRS 16 leasing impacts. Previous year figures are restated due to classification changes of "Result from associates" and credit card fees.

Northern & Eastern Europe – Central Asia

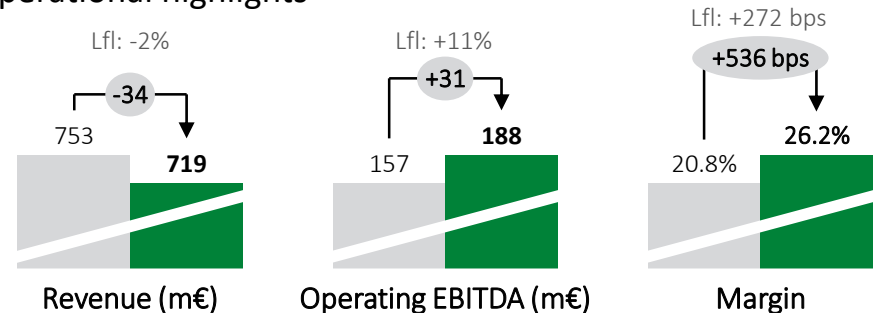
Q418 ■ Q419



Sales volumes



Operational highlights



Q4 Market overview

- Solid pricing which partly compensates weak volumes and cost inflation lead to margin improvement in the quarter.
- Stable demand in Eastern European countries.
- Delays in infrastructure projects and a shortfall in residential is putting pressure on cement volumes in Nordics.

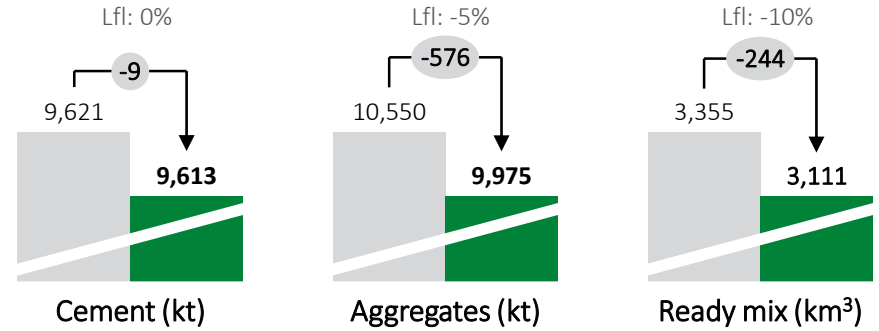
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Asia - Pacific

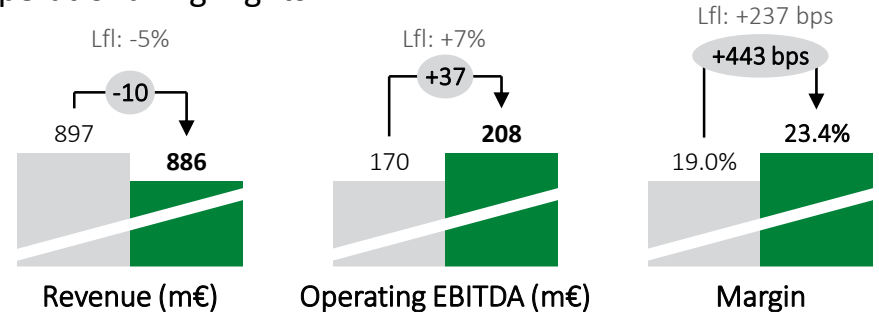
Q418 Q419



Sales volumes



Operational highlights



Q4 Market overview

- Continued recovery in Indonesia and Thailand more than offsets softness in Australia.
- Strong pricing strategies across the region compensates for slightly weaker demand in the quarter.
- Effective cost management in the quarter leads to solid growth in EBITDA and margin.

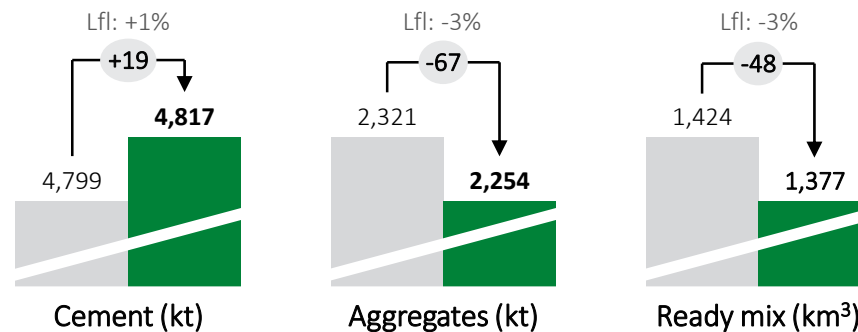
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Africa – Eastern Mediterranean Basin

Q418 Q419



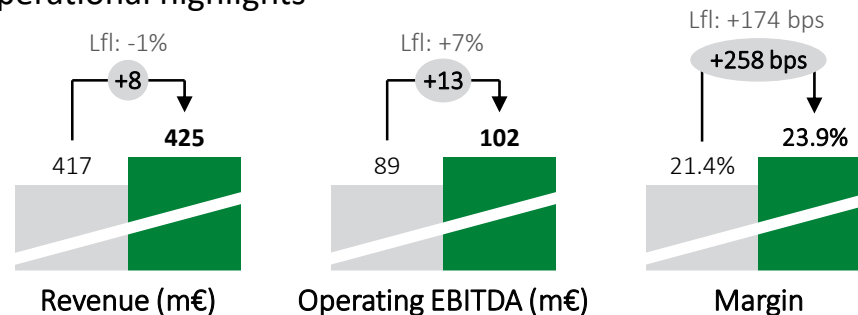
Sales volumes



Q4 Market overview

- Continuing strong result improvement in all Sub-Saharan Africa countries more than compensates weakness in Egypt.
- EBITDA continues to grow despite lower than expected demand in the quarter.
- Well-managed costs lead to further margin improvement.

Operational highlights



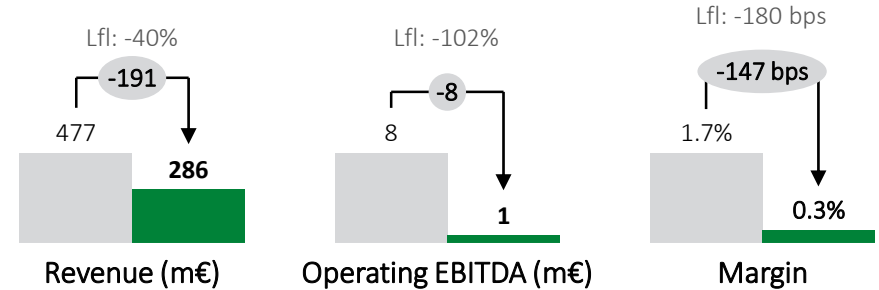
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Group Services



Q418 Q419

Operational highlights



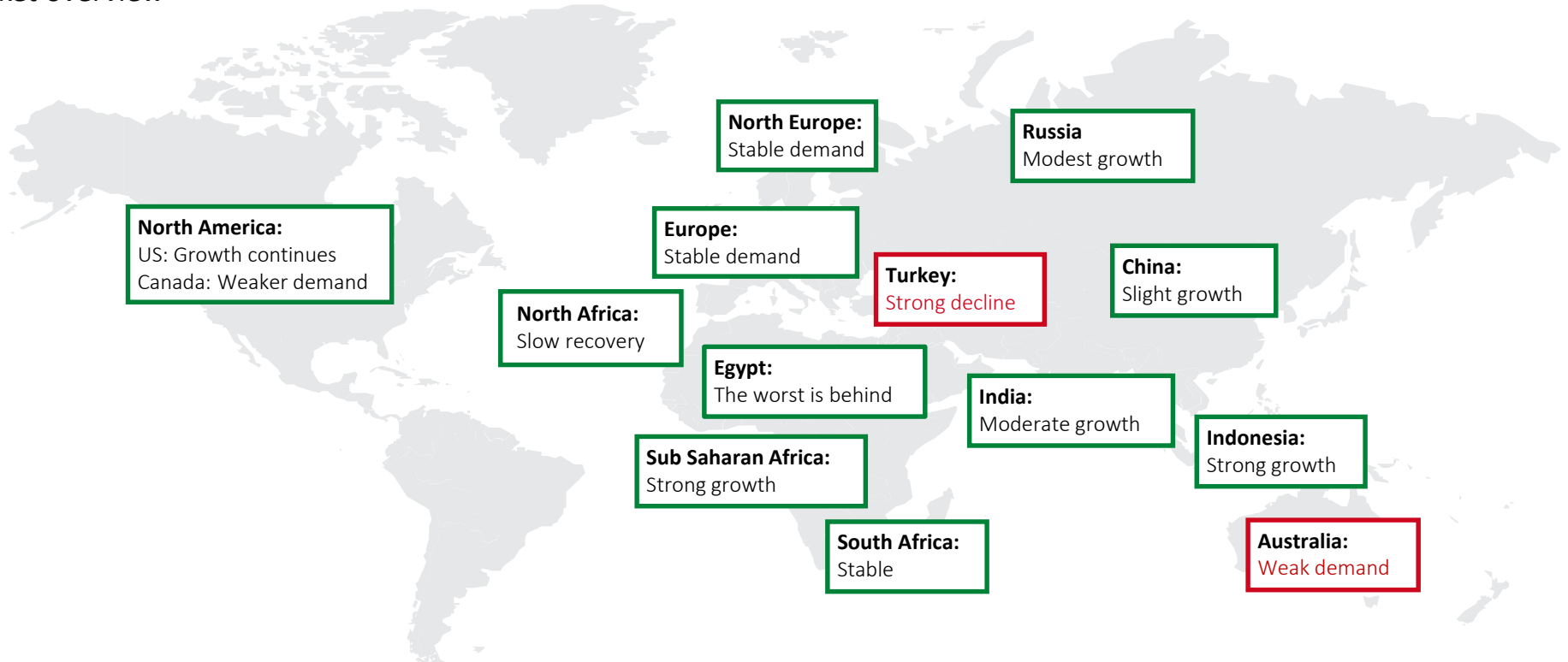
Q4 Market overview

- Revenues decline as a result of lower pricing in fuels and partly due to lower volumes as we decreased the shipments to the more risky countries
- Trading volume reached 30.4 million tons in 2019.
- Clinker oversupply in Mediterranean and Middle East-Indian Ocean regions remains high and continues to put pressure on international clinker pricing.
- Freight market dropped significantly by 40% in Q4 2019.
- Clinker imports of more than 20 million tonnes to China supported the export prices in the Asia-Pacific region.

LfI: Excluding scope, currency and IFRS 16 leasing impacts. Previous year figures are restated due to classification changes of "Result from associates" and credit card fees.

World cement demand is expected to continue its growth

Market overview



Note: Overview for selected HC operated markets only, not guidance.

Appendix



Sales volumes, revenues, Operating EBITDA & Operating Income Overview

Sales Volumes	Q4 2019				FY 2019			
	CEM	AGG	RMC	ASP	CEM	AGG	RMC	ASP
North America	3,855	30,207	1,912	1,226	16,114	128,143	7,737	5,046
West / South Europe	7,206	19,994	4,445	870	29,873	83,493	18,393	3,552
North / East Europe	5,670	12,680	1,748	0	23,922	48,244	6,778	0
Asia Pacific	9,613	9,975	3,111	731	35,783	39,781	11,980	2,286
Africa / Med. Basin	4,817	2,254	1,377	96	19,495	8,887	5,280	430
Group Service	210	0	146	0	729	0	520	0
HC GROUP	31,370	75,041	12,737	2,922	125,916	308,323	50,688	11,314

Operating result (m€)	Revenues		Operating EBITDA		Operating Income	
	Q4 2019	FY 2019	Q4 2019	FY 2019	Q4 2019	FY 2019
North America	1,164	4,778	292	1,042	188	664
West / South Europe	1,234	5,112	200	779	94	363
North / East Europe	719	2,888	188	677	135	474
Asia Pacific	886	3,372	208	746	142	493
Africa / Med. Basin	425	1,686	102	392	74	282
Group Service	286	1,611	1	18	0	14
HC GROUP	4,578	18,851	968	3,580	603	2,186

Organic EBITDA growth bridge per region

Operating EBITDA (Q4)	Q4 2018	Currency	Q4 2018 LfL	Q4 2019	Leasing	Scope	Q4 2019 LfL	LfL Growth
North America	263	8	271	292	28	3	262	-3.4%
West / South Europe	202	1	203	200	26	2	172	-15.1%
North / East Europe	157	1	157	188	17	-3	175	10.9%
Asia Pacific	170	5	175	208	19	0	188	7.5%
Africa / Med. Basin	89	2	91	102	4	0	98	7.5%
Group Service	8	0	8	1	1	0	0	-102.2%
HC GROUP	858	17	875	968	94	2	872	-0.3%

Operating EBITDA (Full Year)	FY 2018	Currency	FY 2018 LfL	FY 2019	Leasing	Scope	FY 2019 LfL	LfL Growth
North America	978	48	1,026	1,042	71	2	969	-5.6%
West / South Europe	610	1	611	779	105	5	669	9.5%
North / East Europe	576	-6	570	677	63	0	614	7.6%
Asia Pacific	599	12	611	746	71	5	670	9.7%
Africa / Med. Basin	382	8	390	392	19	-5	378	-3.1%
Group Service	38	1	39	18	1	0	17	-56.3%
HC GROUP	3,100	64	3,164	3,580	330	8	3,242	2.5%

Scope and currency impacts on volume and revenue

Scope & Currency (Quarter)	Scope Impact on Volumes				Revenue	
	CEM	AGG	RMC	ASP	Scope	Currency
North America	0	212	24	242	25	33
West / South Europe	-237	401	104	0	3	10
North / East Europe	-283	-82	-20	0	-17	-6
Asia Pacific	9	0	89	0	4	29
Africa / Med. Basin	-38	0	0	0	-3	14
Group Service	0	0	0	0	0	1
HC GROUP	-549	531	197	242	13	82

Scope, Currency (Year-to-Date)	Scope Impact on Volumes				Revenue	
	CEM	AGG	RMC	ASP	Scope	Currency
North America	-145	905	143	887	77	212
West / South Europe	-691	2,480	341	0	16	11
North / East Europe	-919	-912	-57	0	-54	-43
Asia Pacific	9	0	706	66	56	82
Africa / Med. Basin	-220	0	0	0	-24	55
Group Service	0	0	0	0	0	4
HC GROUP	-1,965	2,473	1,133	953	71	321

Change in accounting (IFRS16-Leasing) & prior year restatements

IFRS16 – Leasing (m€)	Fourth Quarter 2019			Full Year 2019		
	EBITDA	Depreciation	Oper. Income	EBITDA	Depreciation	Oper. Income
North America	27.4	-20.7	6.7	70.5	-58.7	11.8
West / South Europe	26.3	-24.2	2.1	105.1	-94.3	10.8
North / East Europe	16.8	-14.5	2.2	63.3	-56.9	6.4
Asia Pacific	19.0	-17.0	2.0	71.0	-63.4	7.6
Africa / Med. Basin	3.8	-3.8	0.0	18.9	-14.3	4.6
Group Service	0.9	-0.3	0.6	1.4	-1.3	0.1
HC GROUP	94.2	-80.6	13.6	330.2	-289.0	41.3

Prior year restatements (m€)	Result from associates (2018)					Credit card fees (2018)				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Impact on EBITDA										
North America	-1.7	-5.9	5.4	5.8	3.6	2.7	2.6	4.0	4.1	13.4
West / South Europe	-5.1	10.1	8.7	6.4	20.2	0.0	0.0	0.0	0.0	0.0
North / East Europe	0.0	0.5	0.6	0.4	1.5	0.0	0.0	0.0	0.0	0.0
Asia Pacific	0.2	0.2	0.2	0.2	0.8	0.6	0.7	0.6	0.8	2.7
Africa / Med. Basin	2.9	3.0	3.2	1.9	11.1	0.0	0.0	0.0	0.0	0.0
Group Service	0.9	2.0	0.9	1.0	4.8	0.0	0.0	0.0	0.0	0.0
HC GROUP	-2.7	9.7	19.2	15.9	42.0	3.3	3.3	4.6	4.9	16.1

Contact information and event calendar

Date	Event
19 March 2020	Full Year Results
7 May 2020	First Quarter Results
30 July 2020	Half Year Results
5 November 2020	Third Quarter Results

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